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AGRICULTURE IN 1939

Agricultural production was larger this year than last. Output of crops was slightly smaller, but this was more than offset by the increased production of hogs and livestock products. In addition, large quantities of wheat, cotton, and feed grains had been carried over from preceding years as a safeguard against possible shortages due to drought and other damages. The abundant supplies of feed at relatively low prices were drawn upon in the emergency of drought that destroyed pastures over wide areas in New England and Western States, and the large supply of wheat is a backlog against the short winter wheat crop to be harvested next summer.

Production of field crops was slightly smaller in 1939 compared with 1938. Principal crops showing increases were corn, barley, flaxseed, soybeans, and tobacco. Principal decreases were in wheat, oats, rye, and peanuts.

Total acreage of crops harvested was 3 to 4 percent smaller than in 1938, and smaller than in any other recent season except in the drought years 1934 and 1935. Yields per acre averaged slightly higher than in 1938, and substantially higher than in any other recent season except 1937.

Crop yields per acre were unusually good in the central and eastern Corn Belt, but were seriously reduced by drought from southern North Dakota and eastern Wyoming south through central Texas. Another area of low yields extended from the Gulf into Alabama and northeastern Mississippi.

The only "bumper" crops were tobacco and soybeans: Tobacco, 1.7 billion pounds compared with 1.4 billion in 1938; soybeans, 80 million bushels compared with 58 million in 1938. The corn crop - 2.6 billion bushels - was the third largest in 10 years. (Figures based on November crop report.)

Income

A survey by the Bureau of Agricultural Economics at the outbreak of the European War showed the United States in better condition than any other country as to supplies of food, feed and fibers for both domestic and foreign needs. It showed, too, an unusually large proportion of these supplies in the possession of the farmers. Prices rose sharply, and estimates of farm income were increased. The Bureau of Agricultural Economics reported that farm income from marketings and Government payments would total 8.3 billion

dollars for 1939 as compared with 8.1 billion dollars in 1938. (The peak for the recovery period was 9.1 billion dollars in 1937. The depression low was 4.7 billion dollars in 1932.)

The following tables show cash income, total, per farm and per capita, by calendar years back to 1910:

Cash Income From Farm Marketings - Total, Per Farm, and Per Capita
United States, 1910-39

Year	Cash income [1]	Number of farms Jan. 1	Cash income per farm	Farm population Jan. 1	Cash income per capita
	Million dollars	Thousands	Dollars	Thousands	Dollars
1910	5,785	6,362	909	32,077	180
1911	5,581	6,390	873	32,110	174
1912	5,966	6,420	929	32,210	185
1913	6,251	6,450	969	32,270	194
1914	6,015	6,480	928	32,320	186
1915	6,391	6,520	980	32,440	197
1916	7,755	6,560	1,182	32,530	238
1917	10,648	6,540	1,628	32,340	329
1918	13,464	6,520	2,065	31,770	424
1919	14,436	6,470	2,231	30,930	467
1920	12,553	6,448	1,947	31,614	397
1921	8,107	6,500	1,247	31,763	255
1922	8,518	6,510	1,308	31,749	268
1923	9,524	6,400	1,488	31,130	306
1924	10,150	6,350	1,598	30,817	329
1925	10,927	6,372	1,715	30,830	354
1926	10,529	6,340	1,661	30,619	344
1927	10,699	6,260	1,709	30,170	355
1928	11,024	6,270	1,758	30,188	365
1929	11,221	6,290	1,784	30,220	371
1930	8,883	6,289	1,412	30,169	294
1931	6,283	6,390	983	30,497	206
1932	4,682	6,530	717	30,971	151
1933	5,278	6,720	785	31,693	167
1934	6,273	6,770	927	31,770	197
1935	6,969	6,812	1,023	31,801	219
1936	8,212	6,830	1,202	31,809	258
1937	8,744	6,820	1,282	31,729	276
1938	7,627	6,850	1,113	31,819	240
1939	7,625	6,920	1,102	32,059	238

1/ From marketings (excludes government payments).

Cash Income and Government Payments - Total, Per Farm, and Per Capita
United States, 1933-39

Year	Government payments	Cash income and Government payments		
		Total	Per farm	Per capita
	Million dollars	Million dollars	Dollars	Dollars
1933	131	5,409	805	171
1934	447	6,720	993	212
1935	573	7,542	1,107	237
1936	287	8,499	1,244	267
1937	367	9,111	1,336	287
1938	482	8,109	1,184	255
1939	675	8,300	1,199	259

Prices Relatively Stable

Prices of farm products were fairly stable in the aggregate during most of the past year. While prices of wheat and of cotton fell to low figures in world markets, prices of these products in the United States continued relatively high, supported by the Government loan and export programs. Wheat producers were protected also by crop insurance against losses through drought or other damage. The participants in acreage adjustment programs received payments for the planting of soil-building crops, and to these farmers also the Government made payments to make up part of the difference between prices farmers received in the markets and the pre-World War parity figures authorized by Congress.

The index numbers of prices received and prices paid by farmers, and the buying power of farm products in terms of other commodities through the last month of record (November), with comparisons, are shown in the following table:

Index Numbers of Prices Received and Paid by Farmers

(1910-14 = 100)

Year and Month	Prices Received	Prices Paid	Buying Power of Farm Products 1
1938			
November	94	121	78
December	96	120	80
1939			
January	94	120	78
February	92	120	77
March	91	120	76
April	89	120	74
May	90	120	75
June	89	120	74
July	89	120	74
August	88	119	74
September	98	122	80
October	97	122	80
November	97	122	80

1/ Ratio of prices received to prices paid.

The following table shows prices for principal commodities for the last month of record (November) with comparisons:

PRICES OF FARM PRODUCTS

Estimates of average prices received by farmers at local markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and States.

Product	5-year average, August 1909-July 1914	Nov. 1909-1913	Nov. 1938	Oct. 1938	Nov. 1939	Parity price, Nov. 1939
Cotton, lb..... ¢	12.4	12.1	8.52	8.73	8.80	15.87
Corn, bu..... ¢	64.2	59.4	40.0	47.6	46.8	82.2
Wheat, bu..... ¢	88.4	87.3	52.0	70.3	73.1	113.2
Hay, ton..... $	11.87	11.89	6.82	7.31	7.51	15.19
Potatoes, bu..... ¢	69.7	61.4	54.7	66.4	69.2	86.5
Oats, bu..... ¢	39.9	38.2	22.5	30.3	32.1	51.1
Soybeans, bu..... ¢	(1)	(1)	.63	.73	.82	------
Peanuts, lb..... ¢	4.8	4.5	3.28	3.36	3.39	6.1
Beef cattle, cwt.. $	5.21	5.01	6.32	6.97	6.89	6.67
Hogs, cwt..... $	7.22	6.06	7.25	6.52	5.87	9.24
Chickens, lb..... ¢	11.4	10.8	13.6	12.7	12.4	14.6
Eggs, doz..... ¢	21.5	27.8	29.0	22.9	25.8	39.5 3/
Butterfat, lb.... ¢	26.3	28.5	25.0	26.9	28.1	35.8 3/
Wool, lb..... ¢	18.3	18.5	2/ 20.7	28.7	27.6	23.4
Veal calves, cwt. $	6.75	6.74	8.27	8.88	8.64	8.64
Lambs, cwt..... $	5.87	5.81	6.82	7.60	7.48	7.51
Horses, each..... $	136.60	133.00	79.40	78.60	77.60	174.80

1/ Prices not available 2/ Revised 3/ Adjusted for seasonality

Subsequently - through December - there were sharp gains in prices of wheat and cotton, and it is likely that the combined index of prices received for all products is close to 100. Nevertheless, the prices paid by farmers for commodities used in production and for living continue 20 to 25 percent above the 1909-14 average. This means that farm products continue to have an exchange value about 20 percent smaller than in these pre-war years.

Exports - Imports

United States exports of pork, lard, and cotton were larger in 1939 than in 1938, and imports of several products increased. Sensational was the increase in exports of cotton during the latter months of the year, due largely to the Government's export program and the fact of low stocks of American cotton in Europe. Total exports (for the full year) of all principal products would have increased more had it not been for the outbreak of European War which has an immediate adverse affect upon exports. This is reflected in the following table of exports in October (the last month of record) and for the first nine months of the year, with comparisons:

United States: Exports and Imports of Specified Agricultural Commodities, January-October, Average 1924-1929, Annual 1938 and 1939 and October 1938 and 1939

Commodity	Unit	January - October			October	
		Average 1924-29	1938	1939 prelim.	1938	1939 prelim.
		Thous.	Thous.	Thous.	Thous.	Thous.
Exports:						
Pork 1/.....	Lb.	366,825	76,507	104,849	7,261	6,589
Lard, incl. neutral.	Lb.	656,519	169,396	232,649	21,071	19,091
Wheat, incl. flour..	Bu.	150,145	97,601	92,965	5,727	4,629
Apples, fresh 2/....	Bu.	9,447	8,858	7,340	1,520	666
Pears, fresh.....	Lb.	49,081	130,213	76,774	35,740	23,916
Tobacco, leaf.....	Lb.	406,565	367,596	273,392	79,821	26,927
Cotton, excl.linters (500 lb.).....	Bale	6,150	3,682	3,360	493	935
Imports: 3/						
Cattle.....	No.	268	338	673	36	61
Beef,canned,incl.corned	Lb.	32,339	4/ 65,833	78,073	7,432	8,425
Hides and skins,agri.	Lb.	360,092	5/ 129,826	256,554	19,568	21,173
Barley malt.....	Lb.	805	6/ 84,752	90,626	6,876	7,214
Sugar, excl. beet... (2,000 lb.).....	Ton	3,912	2,798	2,478	240	210
Flaxseed	Bu.	17,148	12,324	14,724	1,381	875
Tobacco, leaf	Lb.	59,486	52,024	52,569	5,408	5,421
Wool,excl. free in bond	Lb.	126,696	25,181	71,221	4,737	9,916

1/ Includes fresh, canned, and pickled pork, bacon, hams, shoulders, and sides.
2/ Includes barrels, baskets and boxes in terms of bushels.
3/ General imports prior to 1938. Subsequently, imports for consumption.
4/ Includes a small amount of "meats canned, other than beef."
5/ Includes reptile and fish skins.
6/ Imports for consumption.

Farm Real Estate Values

Farm real estate per acre is about 15 percent higher now in value as a national average than at the bottom of the economic depression in 1932. Values have changed imperceptibly in the last three years, and now stand as an index figure for the entire country about 16 percent below the 1912-14 pre-World War average. Relatively highest values are shown in the East South Central, the Pacific, the South Atlantic, and the New England States.

The following table gives the figures for the last year of record (1939), the low (1933) and the high (1920) years since the beginning of the record dating back to 1912:

Farm Real Estate: Index numbers of estimated value per acre, by geographic divisions, 1912-39 1/

1912-14 = 100 percent

	1920	1933	1939
United States	170	73	84
Geographic divisions:			
New England	140	105	105
Middle Atlantic	136	82	89
East North Central	161	62	77
West North Central	184	64	68
South Atlantic	193	80	106
East South Central	199	79	109
West South Central	177	82	97
Mountain	151	69	75
Pacific	156	96	107

1/ All farm land with improvements as of March 1.

Farm Mortgage Debt

There was practically no change in the volume of farm mortgage debt during the past year, the debt now standing at approximately 7 billion dollars. This is the smallest figure in twenty years. It compares with the high record of nearly 11 billion dollars in the early 1920's. Farm mortgage debt has been reduced markedly during the current decade, but is still much higher than in the years immediately preceding the World War a quarter century ago. The increases and decreases in farm mortgage debt in the last three decades are shown in the following table:

Estimated Farm-Mortgage Debt, Jan. 1, 1910-39

YEAR	Farm-mortgage debt	
	Amount Mill.dollars	Index (1910-14 = 100) Percent
1910	3,208	81.3
1911	3,522	89.3
1912	3,929	99.6
1913	4,352	110.3
1914	4,712	119.4
1915	4,994	126.6
1916	5,259	133.3
1917	5,828	147.7
1918	6,541	165.8
1919	7,142	181.1
1920	8,449	214.2
1921	10,198	258.5
1922	10,660	270.2
1923	10,751	272.5
1924	10,647	269.9
1925	9,913	251.3
1926	9,726	246.6
1927	9,671	245.2
1928	9,765	247.6
1929	9,761	247.4
1930	9,631	244.2
1931	9,462	239.9
1932	9,213	233.6
1933	8,638	219.0
1934	7,887	199.9
1935	7,786	197.4
1936	7,639	193.7
1937	7,390	187.3
1938	7,214	182.9
1939	7,071	179.3

Wheat

Wheat supplies in the United States for the year beginning July 1, 1939 are estimated at 994 million bushels, or about 90 million bushels less than in 1938-39. Stocks of old wheat on July 1, 1939, at 254 million bushels, were about 100 million bushels more than a year earlier, but production at 740 million bushels, was about 190 million bushels less than in 1939.

Prospects for the United States winter wheat crop seeded in the fall of 1939 have been very poor, and dry conditions have prevailed in the Great Plains spring wheat area. As a result production in the United States in 1940 may turn out to be less than domestic requirements. Exports for the year beginning July 1, 1939, however, are expected to be less than half of the 107 million bushels a year earlier, and domestic disappearance about 675 million bushels compared with 720 million bushels a year earlier. It is to be expected, therefore, that the carry-over on July 1, 1940 may be larger than the 254 million bushels on July 1, 1939. This will assure ample supplies of all classes of wheat even if the 1940 crop is somewhat less than domestic consumption.

World wheat supplies, excluding the U.S.S.R. and China, for the year beginning July 1, 1939 are about 235 million bushels more than for the preceding year, and the largest on record. Increases in carry-over stocks July 1, 1939 more than offset the estimated decrease in production. World stocks of old wheat on July 1, 1939 were estimated at about 1,190 million bushels, or about 590 million bushels more than a year earlier. World wheat production is estimated at about 4230 million bushels, or about 355 million bushels less than in 1938. World supplies are so large, that after deducting consumption, world stocks on July 1, 1940 will be even larger than the record stocks on July 1, 1939. Total world trade for the year beginning July 1, 1939 at about 550 million bushels is expected to be 25 to 50 million bushels less than a year earlier.

Wheat acreage allotments under the Agricultural Adjustment Act of 1938 became effective for the first time in 1939. The national allotment was 55,000,000 seeded acres, and growers brought their seedings from 80,000,000 acres for the crop of 1938 to 65,000,000 acres for 1939. Widespread participation in the program enabled a large number of growers to qualify for the wheat loans which were offered on the 1939 crop. These loans, which averaged about 64 cents per bushel to the producer, were generally above the market during July and August. Growers who secured loans obtained further benefits from the rise in price which occurred the following months. Growers who kept within their acreage allotments also received conservation and parity payments aggregating 28 cents per bushel. The average loan to producers of 64 cents plus this 28 cents has meant a total average per-bushel return to cooperating producers of at least 92 cents.

Cotton

The world supply of American cotton for the 1938-39 season - nearly 25½ million bales - was only a little less than the record high and nearly 2½ times as large as the preceding season's consumption. The supply of available cotton was greatly reduced, although Government-loan stocks during the first half of 1939 were between 10½ and nearly 11½ million bales. The large and increasing Government-loan stocks had not only increased the price of American cotton in relation to other growths but raised spot prices in relation to futures and near-month futures in relation to the more distant futures. These and other factors resulted in exports for the year ended July 1939 dropping to about 3-1/3 million running bales, two-fifths smaller than a year earlier and the smallest in nearly 80 years. The reduced exports and foreign consumption of American cotton resulted in a new record high total world carry-over of such cotton on August 1, 1939 of more than 14 million bales, more than 11 million bales of which were held by the Government. Despite the low exports and the large stocks of American cotton, the relative shortage of available cotton raised domestic prices to about 9½ cents during June and July.

In the summer of 1939 an export payment program was adopted whereby foreign prices of American cotton would be made more competitive with foreign growths, while at the same time domestic prices were being bolstered by the Government-loan program. Up to December 11, the reported sales and deliveries for export payments totaled 5,400,000 bales. From August 1 to December 11, actual domestic exports totaled nearly 2,600,000 bales, an increase of 50 percent over exports for the same period a year earlier.

The export-payment program and the exportation of a substantial part of the more than 600,000 bales of Government-loan cotton exchanged to Great Britain for rubber were important factors contributing to the sharp increase in exports of American cotton in the last 5 months of 1939. Other important factors were: (1) the deferred purchases by foreign countries last season with the resulting necessity of increased takings if consumption were to be maintained, (2) an apparent increase in the rate of cotton consumption in foreign countries, (3) the building up of reserve stocks in many foreign countries because of the European war with its resulting sharply increasing costs of importation and the uncertainties as to future costs, and (4) considerably smaller indicated supply and beginning-of-season stocks of foreign cotton this season than last.

Domestic cotton prices rose to almost 11 cents per pound in December. This was the highest in almost 2½ years and about one-fourth higher than a year earlier. The greatly increased domestic consumption following the outbreak of the European war along with the improvement in domestic business conditions, the large sales of American cotton for export, the increased cotton consumption in a number of important foreign countries, and a somewhat higher Government loan on the 1939 crop than in 1938 were factors contributing to the marked rise in domestic prices during the last half of the year. These developments more than offset the adverse effects of the declining rate of cotton consumption in the German controlled territory where about 2 million bales of cotton were consumed in 1938.

Feed

Supplies of all types of feeds were liberal during 1939 as the result of large stocks on hand at the beginning of the year and a fairly large 1939 production. With livestock numbers about 8 percent below the 1928-32 average at the beginning of 1939, supplies per animal were much above average. Corn and barley supplies available during 1939 were much above average, while oats supplies were the smallest in recent years with the exception of the drought years 1933, 1934, and 1936.

Supplies of high protein feeds have been much above average and also larger than in any of the past few years. Supplies of wheat millfeeds were the largest since 1930 except in 1936. The supply of hay has been ample throughout 1939 and well above average, although slightly smaller than in 1938. The growth of forage crops and pastures was checked during the fall and winter as a result of the severe drought throughout large areas of the mid-West. Livestock-feed price ratios were generally favorable to livestock producers during most of 1939, but tended to become less favorable toward the end of the year.

The number of livestock on farms increased rather sharply during 1939, but even after taking this increase into consideration, the October 1 supplies of feed grains available per grain consuming animal unit were again much above average. Exports of feed grains were much smaller in 1939 than in 1938, but, with the exception of 1938, were the largest in 10 years.

The Corn Loan of 57 cents in the commercial producing area has been an important factor in the corn situation during the past year. By April 1, 1939 over 250 million bushels of the corn had been sealed on farms under the Corn Loan Program. Practically this entire quantity remained under seal or was being held by the Government throughout 1939 and a considerable quantity of the 1939 corn will also probably be sealed during December. Feed grain prices held steady from January to June, then declined from June to August, and advanced rather sharply during September following the outbreak of war in Europe. Feed and feed grain prices receded somewhat from the high point reached in September, but much of the gain was held during the remainder of the year.

Cattle

Slaughter supplies of both cattle and calves were somewhat smaller this year than last. In the first 11 months federally inspected slaughter of cattle totaled 8,673,000 head and inspected calf slaughter 4,883,000 head; each was about 4 percent smaller than in the corresponding 11 months of 1938.

The movement of stocker and feeder cattle into the Corn Belt States during the late summer and fall months (July-November) was about 17 percent larger this year than last and was the largest for the period in 15 years. Drought conditions in large areas of the Range States during 1939 together with a strong demand for feeder cattle in the Corn Belt, where feed supplies were abundant, were responsible for the large increase in the movement of such cattle. The average price of stocker and feeder cattle at Kansas City during the 5-months period (July-November) was about 20 cents higher this

year than the average of $7.60 for a year earlier.

The trend in prices of slaughter cattle during the first half of 1939 was mostly downward, in contrast to an upward trend during the first half of 1938. Prices of slaughter cattle rose sharply in early September in common with the increase in prices of other farm products, but in the last quarter of 1939 prices of slaughter cattle again declined. With relatively large supplies of the upper grades and comparatively small supplies of the lower grade of cattle, the spread between prices of these grades was relatively narrow during most of 1939. The average price of all grades of slaughter steers at Chicago for the first 11 months of 1939 was about $9.80, which was 40 cents higher than the average for 1938.

Hogs

The 1939 spring and fall pig crops totaled 83,000,000 head, which was about 12,000,000 head larger than the 1938 crop. This sharp increase brought hog production in the United States back to the pre-drought level. In the Western Corn Belt, which in the immediate pre-drought years produced about one-half the annual pig crop, production increased about 20 percent over 1938, but remained considerably below the 1929-33 average. In States outside the Western Corn Belt the 1939 pig crop was about 25 percent larger than the 1929-33 average. Federally inspected slaughter of hogs in the first 11 months of 1939 totaled about 36.1 million head, compared with 31.8 million head in the corresponding period of 1938.

Except for the sharp rise in early September, the trend in hog prices during 1939 was distinctly downward. In early December, hog prices declined to the lowest level reached in about 5 years, which was about $2.25 below the average for February, the high month of the year. The average price received by farmers for hogs during the first 11 months of 1939 was about $6.50, compared with the average of $7.75 for 1938.

Exports of pork and lard totaling about 337.5 million pounds in the first 10 months of 1939 were about 37 percent larger than in the corresponding period of 1938 but were only about one-fourth as large as in the early 1920's.

Lambs

The 1939 lamb crop totaled nearly 32 million head and was only about 1 percent smaller than the record crop of 1938. Small increases occurred in the lamb crops of most of the important Native and Western sheep-producing States except Texas, where unfavorable weather conditions at lambing time greatly reduced the size of the lamb crop in that State. Because of unfavorable range conditions during most of the summer and fall a larger than usual proportion of the lamb crop was marketed in only feeder condition. This resulted in a substantial decrease in slaughter supplies of lambs during the 1939 spring lamb marketing season (May-November). Total federally inspected slaughter of sheep and lambs for the first 11 months of 1939 amounted to about 15,582,000 head, compared with 16,713,000 head in the first 11 months of 1938.

Shipments of feeder lambs into the Corn Belt States were substantially larger and somewhat earlier during the fall than in 1938, but short feed supplies in the Western States caused some reduction in feeding operations in the lamb feeding areas of those States.

Prices of slaughter lambs held at a somewhat higher level during most of 1939 than a year earlier and, with the exception of the sharp rise in early September, fluctuated in a relatively narrow range throughout the year. The average price of good and choice grade slaughter lambs at Chicago for the first 11 months of 1939 was about $9.50, compared with the average of $8.25 for 1938.

Wool

Wool production in 1939 was slightly larger than the 436 million pounds produced in 1938. Stocks of wool in the United States at the beginning of 1939 were relatively large, but imports during the first half of the year were relatively small. Domestic mill consumption of wool during 1939 has been at a much higher level than in 1938 and probably will be one of the 4 or 5 largest annual consumptions of wool on record. Because of this large consumption, stocks of wool have been sharply reduced and on November 1 were much below average for that date. Imports have increased materially since July.

Wool prices in the first 8 months of 1939 averaged slightly higher than in the corresponding period of 1938. Following the sharp rise in early September, prices remained well above the level of a year earlier. The average price received by producers for wool in November was 27.6 cents, compared with 20.5 cents in November last year and an average of 19.1 cents for 1938.

Fats and Oils

The outstanding development in fats and oils in 1939 was the marked increase in the domestic production of lard, tallow, and greases, and in the soybean and flaxseed crops. Production of all fats and oils from domestic materials in 1939 totaled about 8.4 billion pounds compared with 8 billion pounds in 1938, and was the largest on record. Domestic disappearance of all fats and oils in 1939 was somewhat larger than in 1938, when it amounted to 9.3 billion pounds.

During the 4 years 1934-38, food fats and oils were imported on balance to the extent of 400 to 700 million pounds annually, largely because of drought-induced shortages in this country. The net import balance for food fats was reduced to about 100 million pounds in 1939, and such fats probably will be exported on balance in 1940. The United States normally produces a surplus of 400 to 500 million pounds of food fats and oils for export. Imports of industrial fats and oils, including the oil equivalent of oilseeds, totaled more than 1 billion pounds in 1939, slightly smaller than in 1938 and the smallest since 1934.

Reflecting the large supplies, in this country and abroad, prices of fats and oils, with the exception of the drying oils, reached the lowest levels in more than 5 years during the summer of 1939. But with improvement in domestic and foreign demand later in the year, resulting in part from the outbreak of war in Europe, prices rose fairly sharply. The improvement in demand and prices is expected to continue into 1940. Prices of drying oils in 1939 were supported by increased building activity in the United States, and by a shortage in supplies of tung oil, shipments of which have been seriously reduced by military operations in China.

Tobacco

Income to growers of tobacco during the calendar year 1939 is expected to be 12 to 15 percent below the income during 1938. The 1939 flue-cured supply of 1,966 million pounds is the largest on record and the Burley supply of 1,035 million pounds is the highest since 1934. Increased supply in both cases is due to the increased production in 1939 although in the case of Burley stocks also increased by more than 4 percent over 1938. Quotas have been voted for flue-cured and Burley production control programs for the 1940 crops, which quotas will be converted to an acreage basis. The supplies of dark air-cured types and Maryland remain about the same while supplies of fire-cured and cigar leaf declined.

Prices of flue-cured have averaged about 28 percent below the prices received in 1938, due primarily to the increased supply. The United Kingdom is the largest single purchaser of flue-cured and buyers for British account went off the markets on September 8 to conserve dollar exchange. All markets were closed by September 14. Following meetings of Department of Agriculture officials with flue-cured growers, tobacco dealers, and warehousemen, a plan was devised whereby the Commodity Credit Corporation advanced funds to assist foreign or domestic buyers in purchasing and storing suitable grades of tobacco suitable for export in the quantities normally exported. Markets were reopened on October 10.

Consumption of all tobacco products, except chewing tobacco, increased during the first 10 months of the calendar year 1939. Of cigarettes the increase has been 5.5 percent; and of cigars about 4.4 percent over the same months in 1938.

Exports of both flue-cured and fire-cured, the principal exporting types, have declined since the beginning of the European War. In September flue-cured declined 33 percent; in October the decline was 71 percent. Fire-cured exports increased in September by 29 percent but in October the decline was nearly 50 percent.

Supplies of all tobaccos in Europe as a whole are adequate for about 2 years. United States exports are expected to continue to decline at least temporarily.

Dairy

A new record in milk production was established in 1939 with production about 1 percent above preceding peak of 110,000,000,000 pounds in 1938. Prices paid to farmers for dairy products in 1939 however averaged lower than in 1938. Cash farm income from dairy products in 1939 was somewhat less than the $1,400,000,000 in 1938.

During the last quarter of 1939 there was a marked improvement in price of dairy products, and 1939 ends with prices the highest in nearly two years.

Milk cow numbers changed relatively little in 1938 or 1939, but farmers saved a large number of heifer calves and the number of young stock on farms is more than enough to provide for normal replacements to dairy herds.

Even though there was some increase in milk production in 1939, the output of the principal manufactured dairy products was somewhat less than the record high established the preceding year. Apparently the increase in consumption of fluid milk and cream more than absorbed the increased production of milk.

Much more striking than the change in production of manufactured dairy products in 1939 was the marked increase in consumption, particularly of butter and evaporated milk. Consumption was large in relation to production and stocks of dairy products which at the end of 1938 were at an all time high were down to about average at the end of 1939. A large part of the increase in butter consumption was accounted for by the butter distributed for relief by the Federal Surplus Commodities Corporation which had been purchased during the summer of 1938 by the Dairy Products Marketing Association with government loans. Per capita consumption of butter in 1939 was as high as ever reported in the post World War period. Per capita consumption of evaporated milk also reached a new peak.

In the fluid milk end of the dairy industry important developments of the year were the decisions the United States Supreme Court rendered on June 5, upholding the constitutionality of the Agricultural Marketing Act of 1937 and the validity of the Federal Milk Control plans in the New York and Boston marketing areas. Important points contested in the New York and Boston milk cases were the right of the Federal government to fix minimum prices to producers of milk moving in interstate commerce and the right of the Federal government to establish a program including the principle of equalization.

Poultry and Eggs

Supplies of poultry and eggs have been increasing for several years. This trend was continued in 1939. Egg production was about 40.4 billion eggs, which was 3 percent larger than in 1938. Production of chickens in 1939, on a dressed weight basis, was 2,380 million pounds, which was 6 percent larger than last year, while turkey production of 431 million pounds was 22 percent larger than in 1938. The combined production of chickens and turkeys was 8 percent larger in 1939 than in 1938. The demand for poultry and eggs was stronger in 1939 than in 1938 as a result of increased consumer incomes. However, the effect on prices of the increase in demand was not sufficient to offset the effect of larger supplies. Egg prices were down 11 percent from 1938 while chicken prices were 9 percent lower and turkey prices were 8 percent lower. Farm income from turkeys in 1939 was 11 percent larger than in 1938 while the income from chickens was 4 percent smaller and the income from eggs was 8 percent less. The combined income from chickens, turkeys, and eggs was 5 percent less than in 1938.

Vegetables

The production of potatoes, sweet potatoes, dry edible beans and truck crops for canning in 1939 was slightly smaller than in 1938 but the production of truck crops for fresh market shipment was slightly larger.

Unfavorable growing conditions in the early and intermediate potato producing states resulted in low yields and reduced production of potatoes. The late potato crop was about the same as in 1938. As a result of the smaller supplies of potatoes available for market during most of the spring, summer and fall months and with consumer purchasing power improving, particularly in the last half of 1939, potato prices and cash income to producers were considerably higher in 1939 than in the previous season.

Low yields also resulted in a smaller production of sweet potatoes in 1939 than in 1938 which together with reduced competition from potatoes and with improving demand conditions, resulted in higher prices to growers in the current season compared with last year.

Although dry edible bean production was reduced in 1939 from the large crop in 1938, record large carryover stocks resulted in a total supply almost as large as the huge supply available last season. Prices to growers were at very low levels in the first 8 months of 1939 but rose sharply in September as a result of war-speculation. They declined somewhat in October and November but remained substantially higher than a year earlier.

Because of unusually large carryover stocks of most canned vegetables the acreage and production of truck crops for canning were reduced materially in 1939. As a result the total pack was about 20 percent smaller than in 1938 and total supplies for the season are about 12 percent smaller. The reduction of acreage and production resulted in a smaller cash income to producers of these crops.

The acreage of truck crops for fresh market shipment was increased slightly in 1939 over 1938 which together with improved yields per acre resulted in a new record high production. Increased purchasing power of consumers more than offset the influence of expanding production, however, and prices and income to producers increased in 1939 over that of the previous season.

Fruits

Fruit production in the United States in 1939 was about 10 percent larger than in 1938 and about 23 percent larger than the 10-year 1928-37 average. Larger crops of apples, peaches, cranberries, strawberries, apricots, fresh plums and prunes, and cherries more than offset slight decreases in the production of citrus fruits, pears, grapes, dried prunes and olives.

With the exception of the carryover of dried prunes and raisins, carryover stocks of fruit products were about normal in 1939 and, therefore, the canning and drying industries took about average quantities of fresh fruit at fairly satisfactory prices to producers. Also domestic demand conditions for fresh fruit, as measured by consumer buying power, was maintained at a somewhat higher level in 1939 than in the previous season. Offsetting to a certain extent this improvement in domestic demand, however, is the sharp curtailment of exports of fresh fruits occasioned by war in Europe. To alleviate this situation in regard to apples and winter pears the Federal Surplus Commodities Corporation has purchased large quantities of these fruits for relief distribution. Nevertheless the large supplies of fruits available have depressed fruit prices generally and the average level for the season is lower than in 1938. Total cash income to producers, however, is indicated to be slightly higher than in the previous season, the larger quantities sold resulting from improved domestic demand conditions more than offsetting the lower unit prices.